

Members:

Rep. Claire Leuck, Chair
Rep. Dennis Heeke
Rep. Rolland Webber
Rep. William Friend
Rep. Jack Lutz
Rep. Michael Smith
Sen. Harold Wheeler, Vice-Chair
Sen. Robert Meeks
Sen. John Waterman
Sen. James Lewis
Sen. Katie Wolf
Sen. Richard Young



WATER RESOURCES STUDY COMMITTEE

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MEETING MINUTES

Meeting Date: August 26, 1998
Meeting Time: 10:00 a.m.
Meeting Place: State House, 200 W. Washington St., Room 156-A
Meeting City: Indianapolis, Indiana
Meeting Number: 2

Members Present: Rep. Claire Leuck, Chair; Rep. Dennis Heeke; Rep. Rolland Webber; Rep. William Friend; Rep. Jack Lutz; Rep. Michael Smith; Sen. Harold Wheeler; Sen. Robert Meeks; Sen. John Waterman; Sen. James Lewis; Sen. Katie Wolf; Sen. Richard Young.

Members Absent: None.

Rep. Leuck, Chair of the Water Resources Study Committee, called the meeting to order at 10:10 a.m.

Federal Financing Options for Water Projects

John Thompson, State Director for Rural Development with the U.S. Department of Agriculture, presented information on water and sewer loans and grants available through the Rural Utilities Service.¹ Mr. Thompson made the following comments. In Indiana, there are currently 142 different loans with more than \$80 million outstanding. The following entities are eligible for the grants and loans: towns with a population of less than 10,000; nonprofit organizations; municipalities; water districts; conservancy districts; and open countryside. Entities must be unable to get credit from conventional sources.

Mr. Thompson also made the following remarks. The total allocation for Indiana is \$23.4 million for water and sewer loans and \$10.3 million for grants. If other states do not spend their entire allocation, the remaining money is pooled and can be used by other states. If a community's median household income is approximately \$25,000 or less, the grant may cover up to 75% of the total project. If a community's median household income is greater than \$25,000, the grant may cover up to 45% of the project. In response to a question from Sen. Meeks, Mr. Thompson noted that no loans or grants are available to channel or control the flow of water.

¹Materials provided by Mr. Thompson are on file in the Legislative Information Center (LIC), Room 230, State House, Indianapolis, Indiana. The telephone number of the LIC is (317) 232-9856, and the mailing address is 200 W. Washington St., Suite 301, Indianapolis, Indiana 46204-2789.

Drinking Water and Wastewater Revolving Loan Funds

Erik Gonzalez, Section Chief for the State Revolving Funds with the Indiana Department of Environmental Management (IDEM), reviewed materials on the State Revolving Loan Fund (SRF) Program.² Mr. Gonzalez gave the following testimony. The SRF program has been receiving capitalization grants from the Environmental Protection Agency (EPA) since 1989. The state must provide matching funds equal to 20 percent of the federal capitalization grant. The EPA appropriated a total of \$34.3 million for the Drinking Water SRF in FY 97 and FY 98. There is no maximum number of times that an entity can apply to the program and there is no minimum or maximum loan amount. This program can fund 100% of all eligible costs, which include engineering, financial and legal services, and construction work. IDEM has streamlined the program through rule modifications so communities can now move through the process more quickly. Fifty-one entities applied to the Wastewater SRF last year and more than 100 have applied this year. Forty-three entities have applied to the Drinking Water SRF this year.

Sen. Meeks questioned whether a private, nonprofit entity that elects to establish a treatment facility would be eligible for an SRF loan. Mr. Gonzalez responded that money can only be loaned for a publicly-owned treatment works (POTWs). He added that federal law allows some SRF money to be used for a non-point source pollution SRF, which IDEM is looking into.

Rich Emery, with the State Budget Agency, distributed materials on SRF Financing Issues.³ Mr. Emery noted that the state has recognized the need to fund the supplemental wastewater and drinking water assistance funds. He added that no community has ever been turned down for an SRF loan.

Committee Discussion

The following issues were mentioned as possible future topics of discussion: recording the location of drainage tiles, a state revolving fund for individuals to install and repair septic systems, a presentation on the use of the appropriation that soil and water conservation districts received in the last budget, and the water shortage plan.

Next Meeting

The next meeting was scheduled for September 16, 1998 at 10:00 a.m. in Room 233 of the State House.

Rep. Leuck adjourned the meeting at 11:30 a.m.

²Materials provided by Mr. Gonzalez are on file in the LIC (See footnote 1).

³Materials provided by Mr. Emery are on file in the LIC (see footnote 1).